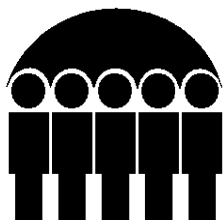


Revised June 5, 2001

Employees' Manual
Title 15
Chapter A

PURCHASE OF SERVICE



Iowa
Department
of
Human Services

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OVERVIEW

The Purchase of Service System is a mechanism used in planning, coordinating, and executing the expenditure of Social Services Block Grant funds and state funds for client services. The emphasis of the system is on the purchase of services, as opposed to a grant program or a mechanism to keep a provider in business.

Payment policies are based on costs of providing services and are intended to provide rates of payment equitable to the provider to the extent allowed by the payment limits established for the fiscal year.

This chapter covers definitions and policies that apply to all types of contracts. Agency purchase of service contracts are covered in detail in subchapters to this chapter.

Legal Basis

The legal basis for purchase of services by the Department is Iowa Code Section 234.6. Rules promulgated by the Department for the administration of purchase of services are found in 441 Iowa Administrative Code Chapter 150.

Definitions

Legal reference: 441 IAC 150.1(234)

These definitions apply to Chapter 15-A and its subchapters and Appendix..

“Accounting year” means a 12-consecutive-month period for which accounting records are maintained. It can be either a calendar year or another designated fiscal year.

“Accrual basis accounting” means the accounting basis which shows all expenses incurred and income earned for a given time, even though the expenses may not have been paid or income received in cash during the period.

“Administrative support” means technical assistance, studies, surveys, or securing volunteers to assist the Department in fulfilling its administrative responsibilities.

OVERVIEW

Definitions

Revised June 5, 2001

“Agency” means an organization or organizational unit that provides social services.

Three types of agencies are recognized:

- ◆ **“Public agency”** means a general or special-purpose unit of government and organizations administered by that unit to deliver social services, for example, county boards of supervisors, community colleges, and state agencies.
- ◆ **“Private nonprofit agency”** means a voluntary agency operated under the authority of a board of directors for purposes other than generating profit and incorporated under Iowa Code Chapter 504A. An out-of-state agency must meet requirements of similar laws governing nonprofit organizations in its state.
- ◆ **“Private proprietary agency”** means a for-profit agency operated by an owner or board for the operator’s financial benefit.

“Bureau of Purchased Services” means a bureau of the Division of Fiscal Management, which is responsible for administering the purchase of service system.

“Cash basis accounting” means the accounting basis that records expenses when bills are paid and income when money is received.

“Ceiling” means the maximum limit for payment for a service that has been established by an administrative rule or by the Iowa Code specifically for that service.

“Client” means an individual or family group who has applied for and been found to be eligible for social services from the Iowa Department of Human Services.

“Common ownership” means that relationship existing when an individual or individuals possess significant ownership or equity in the provider and the institution or organization serving the provider.

“Components of service” means the elements or activities that make up a specific service.

“Contract” means formal written agreement between the Iowa Department of Human Services and another legal entity, except for those government agencies whose services are covered under provision of Iowa Code Chapter 28E.

“Contractor” means an institution, organization, facility, or individual that is a legal entity and has entered into a contract with the Department of Human Services.

“Contributions” means any funds received except a fee for service; service, reimbursement, or investment income; or government grants, as listed on Schedule A of form 470-0664, *Financial and Statistical Report for Purchase of Service Contracts*.

“Control” means that relationship existing where an individual or organization has the power, directly or indirectly, to influence significantly or direct the actions or policies of an organization or institution.

“Department” means the Iowa Department of Human Services.

“Departmental client” means a person with whom (or for whom in protective cases) a specific goal is established by the Department and for whom services are provided for the purpose of achieving the goal. Services are considered to be provided to the “client” when they are provided to, or on behalf of, other members of the client’s family to facilitate achievement of the client’s goals.

“Direct cost” means those expenses that can be identified specifically and solely to a particular service.

“Effective date”:

- ◆ For agency contracts, contract effective date means the first day of a month on which the contract shall become in force.
- ◆ Effective date of rate means the date specified in a purchase of service contract on which the specified rate of payment for services provided begins.

“Field staff” means Department employees outside of central office reporting to the regional offices and the deputy director of services.

“Grant” means an award of funds to develop specific services or achieve specific outcomes.

“Indirect cost” means those expenses that cannot be related directly to a specific service and are, therefore, allocated to more than one service.

“Project manager” means a Department employee who is assigned to assist in developing, monitoring and reviewing a contract; to provide related technical assistance; and to be the liaison between the Department and the provider.

OVERVIEW

Definitions

Revised June 5, 2001

“Provider” means an institution, organization, facility, or individual that is a legal entity and has entered into a contract with the Department to provide social services to clients of the Department.

“Purchase of service system” means the system within the Department for contracting and payment for services.

“Related to provider” means that the provider to a significant extent is associated or affiliated with, has control of, or is controlled by, the organization furnishing the facilities, furnishings, or supplies.

CATEGORIES OF CONTRACTS

This section describes four types of purchase of service contracts:

- ◆ The Iowa purchase of social services contract
- ◆ The individual in-home health-related care provider agreement
- ◆ The Iowa purchase of administrative support contract
- ◆ The Iowa donation of funds contract

Iowa Purchase of Social Services Contract

Legal reference: 441 IAC 150.2(1)

An Iowa purchase of social services contract is a legal contract between the Department and a provider for a specified service or services to clients referred by the Department. This contract establishes the components of service to be provided, the rate per unit of service, a maximum number of units to be available, and other negotiated conditions.

Iowa purchase of social services contracts are between the Department and a provider of service, either an agency or individual provider. The Department has two types of contracts for purchasing social services:

- ◆ An “agency contract” is a contract written with an agency. Form 470-0628, *Iowa Purchase of Social Services Agency Contract*, shall be completed before services are purchased from the agency.
- ◆ An individual in-home health-related provider contract is a contract written with an individual provider of in-home health services.

Contracts with agencies are developed by providers with the assistance of project managers using the guidelines in XV-A(1), XV-A-Appendix, and Comm. 61, *Purchase of Service Provider Handbook*.

Individual In-Home Health-Related Provider Agreement

Legal reference: 441 IAC 150.2(1)“c”

Contracts with individual in-home health-related providers are developed by the providers with the assistance of service workers.

Policies governing individual in-home health-related provider contracts may be found in 16-J. See 16-J-Appendix, **PROVIDER AGREEMENT, 470-0636**, for instructions for use of the individual provider agreements for in-home health-related care.

Iowa Purchase of Administrative Support Contract

Legal reference: 441 IAC 150.2(2)

An Iowa purchase of administrative support contract is between the Department and a contractor for the provision of administrative support. This contract establishes the support services to be provided, the rate and the method of payment, and other negotiated conditions.

A contractor or the division of a contractor who is a multiservice organization holding an administrative support contract may not provide direct client services during the period of the contract.

A volunteer contract is the administrative support contract between an individual or agency and the Department to secure volunteers to assist the Department in service delivery. Administrative support contracts for volunteers must receive final approval from the state volunteer services director.

Policies governing development of administrative support contracts for purchase of volunteer services are provided in I-F, **VOLUNTEER SERVICES**.

Iowa Donation of Funds Contract

Legal reference: 441 IAC 150.2(4)

“Donation of funds” contracts are the documents by which the Department accepts funds from public or private donors for social services or administrative support. Generally the funds are for matching federal or state dollars for services or administrative support.

The Iowa donation of funds contract establishes the conditions under which a donor makes funds available to the Department. Use of funds may be restricted by the donor under certain circumstances. The donor may specify the specific service to be provided.

Contracts with donors are developed by the donor with the assistance of the regional administrator or designee. Form 470-0629 (SS-1502-0), *Iowa Donation of Funds Contract*, shall be completed before the Department accepts the funds. The contract contains specifications concerning amendment, termination, transmittal of funds, accounting, and reversion of unspent funds.

Policies governing the development of contracts are found in XV-A(4).

PROVIDER ADVISORY COMMITTEE

Legal reference: 441 IAC 150.8(234)

The provider advisory committee serves in an advisory capacity to the Department, specifically to the Bureau of Purchased Services. The provider advisory committee advises the Bureau of Purchased Services and other central office units on issues that affect providers. The committee generally meets on a quarterly basis but may meet more frequently.

The provider advisory committee is composed of representatives from member provider associations as appointed by the respective associations. Individual representatives from provider agencies having a purchase of service contract but not belonging to an association may become members of the provider advisory committee upon simple majority vote of the committee members at a meeting.

Nonvoting members include representatives of:

- ◆ The purchase of service fiscal consultant;
- ◆ The Bureau of Purchased Services;
- ◆ The Office of Field Support;
- ◆ The Division of Adult, Children, and Family Services; and
- ◆ The Division of Mental Health and Developmental Disabilities

A provider that desires more information about the provider advisory committee should contact the project manager.

PUBLIC ACCESS TO CONTRACTS

Legal reference: 441 IAC 150.9(234)

Subject to applicable federal and state laws and regulations on confidentiality, including I-C, ***CONFIDENTIALITY AND RECORDS***, all material submitted to the Department pursuant to this chapter shall be considered public information.

Except for information regarding individual clients, all contract material submitted to the Department, including service descriptions and financial reports, is public information. Information identifying individual clients is confidential. See I-C, **Recipients of Services or Assistance**.

Procedures for examination of contracts shall be consistent with Iowa Code Chapter 22 and I-C, **RESPONSE TO REQUEST**. People desiring to examine a contract or contracts may do so in the Bureau of Purchased Services during normal office hours. If the contract material is available in the regional office, it may be examined there. If copy equipment is available, a reasonable number of copies of the contract or parts of the contract shall be made on request at a charge established by the Department.

Make a courtesy notification to the provider involved of the request to examine a contract. The request to examine the contract cannot be delayed for this notification, however.



STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
SALLY J. PEDERSON, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
JESSIE K. RASMUSSEN, DIRECTOR

June 5, 2001

GENERAL LETTER NO. 15-A-5

ISSUED BY: Bureau of Purchased Services, Division of Fiscal Management

SUBJECT: Employees' Manual, Title 15, Chapter A, **PURCHASE OF SERVICE**, Title page, revised; Contents (page 1), revised; and pages 1 through 7, revised.

Summary

The chapter is revised to:

- ◆ Remove references to control of funds for local purchase of social services for adults with mental illness, mental retardation, or developmental disabilities. Responsibility for contracting for these services has been transferred from the Department to the counties.
- ◆ Update form numbers and references.

Effective Date

July 1, 2001

Material Superseded

Remove the entire Chapter A from Employees' Manual, Title 15, and destroy it. This includes:

<u>Page</u>	<u>Date</u>
Title page	May 16, 1987
Contents (p. 1)	June 23, 1992
1-3	June 23, 1992
4-6	June 12, 1990
7, 8	June 23, 1992

Additional Information

Refer questions about this general letter to your regional service administrator.